

Scotland's Rural College

## The future model for rural enterprise support in Scotland - Policy Spotlight

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# The future model for rural enterprise support in Scotland



## Key Points from the Policy Lab Participants

Discussion at the Rural Enterprise Policy Lab event confirmed the long-held frustrations of many rural businesses about the current public sector business support system. There is a general sense that the current system is too rigid and not tailored appropriately to the characteristics, needs and opportunities of most rural businesses and the communities in which they operate.

There needs to be a shift in thinking to recognise the complex and interdependent network of support relationships that rural businesses often rely on, including public, private and third/community sector organisations. Alongside this, there needs to be shift in resourcing to better support the micro and community-led business organisations in this network.

All stakeholders in the network should focus on cultivating a culture of mutual trust, respect, recognition, and transparency. Enhanced and proactive signposting and information-sharing between organisations is critical.

Rural businesses highly value timely, one-to-one peer support and mentoring. Whatever the source, support that is as tailored as possible to the circumstances of individual businesses, the places in which they are located and markets where they trade, is vital.

New metrics of 'success' are required which go beyond jobs created and economic growth to recognise wider business and community sustainability, as well as new goals such as broader long term community impact, achieving net zero and improving health and wellbeing.

# Rural Enterprise Policy Lab Event

## Purpose

Organised by SRUC's Rural Policy Centre, this Policy Lab event brought together a small group of individuals who have experience of running rural businesses and/or knowledge and understanding of the public sector business support system in Scotland.

The discussion focused on exploring the extent to which the current business support system meets the needs of rural businesses. Discussion then turned to what needs to change and in what ways to ensure a more effective support system for rural businesses in the future, including a review of who needs to be involved in making these changes and the most appropriate timescale for them.

The discussion at the Policy Lab, summarised in this Policy Spotlight, will inform the work of the Advisory Council set up by the Scottish Government to help shape its new [10-year National Strategy for Economic Transformation](#).

## Participants

Jane Atterton	Rural Policy Centre, SRUC
Pollyanna Chapman	Impact Hub Inverness
Ailsa Clark	Inspiralba
Alexa Green	Rural Policy Centre, SRUC
Sarah-Jane Laing	Scottish Land & Estates
Carol Langston	SRUC Enterprise Academy for the Rural and Natural Economy
Rhoda Meek	Isle 20 and Tiree Tea
Artemis Pana	Scottish Rural Action
Iain Scott	Enterprise Iain and Can Do Places
Roger Turner	Rural Economies Consultant
Sacha Woolham	The Strategy Collective



# Recommendations

## *The importance of a network of support*

- There is a need for a change in thinking to acknowledge the existence of, and actively seek to support and integrate, the flexible and often complex *network of support* that many rural business owners and communities have, rather than focusing on '*the support system*'.
- This network may include a wide range of organisations from the public, private and third sectors, which are drawn on for advice on different issues and at different times. Information-sharing through such a network is important. Some network relationships may be more formalised (including those with public sector providers on specific issues) while there may be a range of more informal 'relational' links including with peers through collaborative one-to-one and mentoring arrangements. These less formal relationships are highly valued and valuable and need to be more readily acknowledged and have an opportunity to seek appropriate investment as an important part of this network. Making more resources available to these wider organisations would also be worth considering.
- More proactive signposting and information-sharing between these organisations is critical, including amongst public sector organisations, to assure mutual recognition, avoid duplication and confusion, and ensure information and advice provision is consistent.
- All stakeholders need to ensure that network relationships are based on mutual trust, respect, recognition, and transparency, as well as appropriately resourced. There is often a reluctance in the public sector business support bodies to acknowledge and regularly work with private and third sector organisations. However, by working together, comprehensive, flexible and fit-for-purpose business support arrangements may be possible covering all issues on which rural businesses potentially need support.
- Public sector providers need to move away from the current approach which tends to focus on one-directional information dissemination to rural businesses (including through formal training courses) which is often not fit-for-purpose or appropriately timed and may require enhanced follow-on implementation support. Instead, they need to engage more equally and consistently *with* rural business owners and their other sources of support in multi-way collaborative relationships.

## *Changing the content and language of business support*

- Labels such as 'growth' businesses or sectors or 'lifestyle' businesses can be unhelpful and limiting, with the latter downplaying the role and long-term contribution of many of the smallest businesses in rural areas. These businesses (often sole traders and micro enterprises), play a significant role in sustaining rural communities and providing vital services. Inclusive language, flexibility and agility are required by public sector agencies when working with all businesses.
- Social and community enterprises (which are vitally important to many rural communities) need continued, appropriate support.
- As far as possible, support interventions need to be tailored to the local context in which businesses are operating (i.e. they need to be place-based).
- Provision of digital and marketing support should be improved. These are issues often mentioned by rural businesses as areas where they would benefit from more implementation support. However, this need not necessarily be from public sector providers; private and third sector providers may play a critical role here.
- More support is required for intellectual property and patenting for all businesses; this support tends only to be available too late in the process when it is more costly and difficult to entangle problems which may have arisen.
- Shifting the language to talk about investment rather than funding would also be a welcome and positive change.



## Providing flexible, business focused investment

- Rural businesses often fall between grant schemes because they do not fit neatly into one box and they are difficult to label (due to having multiple income sources, for example).
- The provision of flexible small-scale investment for purchasing equipment or for experimental work to 'try new things' is particularly valuable in a rural context; it can act as a positive catalyst for business confidence. In general, public sector grant schemes are too top-down and rigidly defined by 'hard' outputs and requirements (e.g., achieving full-time employment within one year which may not be achievable or desirable). Application windows are often too tight to support considered responses.
- During the Covid-19 pandemic, many public sector institutions have demonstrated flexibility, agility and responsiveness; these ways of working need to continue as we recover from the pandemic.
- This flexibility is demonstrated by community-based support organisations which tend to operate at much lower cost than public sector organisations with their larger overheads and more top-down transactional approach.
- There is a particular need for increased support for, and recognition of the importance of, women-owned enterprises.
- Procurement policies can often preclude rural SMEs from active involvement and must be much more inclusive.
- The tendency for public sector support providers to focus on 'the next big thing' is particularly unhelpful in a rural context where smaller businesses are 'the norm' and supporting them contributes to resilient communities.
- These findings highlight the need to provide appropriate 'wrap-around' support both pre and post application to the Scottish Government's new [Rural Entrepreneur Fund](#). Disbursement of Covid-19 business grant schemes led to significant lost opportunities with no engagement between the agencies and/or local authorities and the businesses. Local, community-based organisations should be in charge of grant fund disbursement.



***“Spreading out funding and support to more small businesses leads to greater resilience in rural communities.”***

***– Policy Lab attendee***



## Reframing Success

- Currently, success is usually measured through business growth indicators, job creation, counting the number of people coming to an event or accessing training, or simply 'getting the money out the door'. While these success metrics may be appropriate for some rural businesses, they do not take account of the range of benefits (economic, social and environmental) that many rural businesses generate.
- More appropriate metrics would recognise, for example, the wider role of rural businesses in sustaining the communities in which they are located. These wider contributions might include: supporting population retention; increasing visitor numbers; enabling other new interdependent businesses; building community confidence, capacity and resilience; enhancing health and wellbeing; or achieving net zero ambitions. 'Measuring' such contributions may require different types of metrics, including more qualitative information, and a more tailored approach to identify the most appropriate metrics for individual businesses.
- It may be worth revisiting the criteria through which public sector business support providers are audited to ensure that support provided to rural businesses can be identified and evaluated in its widest sense. A review of the extent to which current auditing processes go beyond the 'traditional' metrics, for example, the number of businesses and jobs created, to consider these wider social, community and environmental contributions, would be useful. Additional auditing criteria could include the extent to which support has encouraged innovation or the extent to which it has been flexible and enabled locally tailored, place-based solutions with multiple outcomes to be implemented by external partners.
- There needs to be a more appropriate balance between providing support for new businesses.

## Closing Remarks

There are structural challenges in the current (public sector) business support system which mean that it is not well tailored to rural businesses. These challenges include its very narrow focus on new business/job creation and designated growth sectors and the rigidity experienced by those accessing support in terms of types of support and delivery mechanisms and the metrics for measuring success.

The Scottish Government's new [10-year National Strategy for Economic Transformation](#) provides an opportunity to fundamentally re-design Scotland's business support system to ensure that it is more fit-for-purpose for all businesses in the future, irrespective of where they are located, who owns them, or what sector they are operating in, and that appropriate audit and evaluation arrangements are in place from the outset. A shift in thinking to recognise, resource and work in partnership with the full network of support relationships available to businesses would be valuable.

This fundamental re-design is also required to ensure that future support arrangements are responsive to the changing policy and societal contexts in which businesses are operating. The challenges and opportunities resulting from the Covid-19 pandemic, the transformational change required to tackle climate change and meet net zero ambitions and the increasing focus on health and wellbeing are key.

To ensure that an appropriate support network exists for rural businesses will require policy- and decision-makers to have improved knowledge and understanding of their characteristics, opportunities and needs, and also the role of existing local, community-based initiatives which may have developed to supplement the national support system.

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